

INCOMING TELEGRAM

Department of State

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Control: 5707
Rec'd: MAY 10, 1961
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Info

FROM: DJAKARTA

FE
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TO: Secretary of State

ICA
P

NO: 3146, MAY 9.

USIA

INR

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RMR

AGRICULTURE FROM WINBERG

GOVERNMENT TO GOVERNMENT COTTON PROCESSING AGREEMENT SIGNED MAY
9 BETWEEN INDONESIA AND JAPAN UNDER PA 34 - 34.
COMMERCIAL AGREEMENT EXPECTED TO BE SIGNED WITHIN FEW DAYS.

HENDERSON

REL

611.3841/E-961 CS

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Authority NND 949570
By [signature] NARA Date 8/4/00

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INCOMING TELEGRAM

Department of State

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30-32

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Action

Control: 12061

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Rec'd: MAY 19, 1961

Info

FROM: DJAKARTA

1:18 AM

L

TO: Secretary of State

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FE

NO: 3185, MAY 19, NOON

BFAC

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DEPT INSTRUCTION A-131

ACTING ECON COUNSELOR AND AGRI ATTACHE CALLED DEPT FOREIGN AFFAIRS MAY 18 TO DISCUSS DRAFT NOTE RE SUPPLEMENTAL WHEAT FLOUR. INDONESIANS STATE GLOBAL NORMAL MARKETING ASSURANCE TOO HIGH IN VIEW CURRENT LIMITED FOREIGN EXCHANGE AVAILABILITY. MAXIMUM FOREIGN EXCHANGE ALLOCATED FOR WHEAT FLOUR IN 1961 IS RP. 260 MILLION (COMPARED RP. 350 MILLION IN 1960) WHICH HAS ALREADY BEEN USED PURCHASE 72,000 SHORT TONS WHEAT FLOUR, OF WHICH 12,100 TONS FROM USA. INDONESIANS REQUEST GLOBAL NORMAL MARKETING ASSURANCE OF 72,000 SHORT TONS INSTEAD 105,000 METRIC TONS (SECTION 3 OF DRAFT NOTE). THEY SUGGEST POSSIBLE ADDITIONAL PHASE AFTER 72,000 TONS "BUT WILL ENDEAVOR IMPORT UP TO 105,000 METRIC TONS IF FOREIGN EXCHANGE IS AVAILABLE". INDONESIANS STATE AUSTRALIA CAN HAVE NO COMPLAINTS BECAUSE IN CURRENT INDONESIAN - AUSTRALIAN TRADE AGREEMENT, INDONESIA HAS ONLY GUARANTEED IMPORT AT LEAST 50 PERCENT OF 1960 PURCHASES FROM AUSTRALIA WHICH WERE 80,000 SHORT TONS. AS 50,000 TONS ALREADY PURCHASED FROM AUSTRALIA IN 1961, 40,000 TON GUARANTEE THUS SURPASSED. ALL AUSTRALIAN FLOUR BEING SHIPPED PRIOR JULY IN ORDER BENEFIT LOWER SHIPPING COSTS.

INDONESIANS CLAIM THAT, EVEN IF NO PL 480, COULD NOT BRING IN ANY MORE FLOUR IN 1961 UNLESS MORE FOREIGN EXCHANGE BECOMES AVAILABLE. ANNUAL REQUIREMENT 180,000 SHORT TONS BE SURE KEEP MARKET STABLE; 1960 IMPORTS APPROXIMATELY 160,000 SHORT TONS; 1961 IMPORTS INCLUDING 50,000 TONS PL480, IF APPROVED, WOULD TOTAL 122,000 TONS OR SUBSTANTIALLY BELOW REQUIREMENTS. INDO REQUEST INCREASE QUANTITY WHEAT FLOUR TO \$5.0 MILLION (70,000

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H.M. Herbert	7/12/61	File	

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MAY 19 1961

47 MAY 19 1961

611.9841/5-1961

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-2- 3185, MAY 19, NOON, FROM DJAKARTA

SHORT TONS AT APPROXIMATELY \$70 PER TON) PLUS OCEAN
TRANSPORTATION. INDO POINT OUT IN VIEW PROSPECT LIMITED
1961 PL 480 RICE MUST USE UNANTICIPATED ADDITIONAL
FOREIGN EXCHANGE PURCHASE RICE. PL 480 WHEAT FLOUR WOULD
TO SOME DEGREE SUPPLEMENT RICE.

INDONESIANS ASKED FOR ILLUSTRATIVE EXPENSES MIGHT BE INCLUDED
UNDER "ADMINISTRATIVE EXPENSES" IN PARA 2(A) OF DRAFT NOTE.

COMMENT: NORMAL MARKETING ASSURANCE REQUEST MORE IN
LINE WITH EMB PREVIOUS RECOMMENDATION OF 100,000
TONS WHEAT EQUIVALENT APPROXIMATELY 67,000 TONS FLOUR.
EMB RECOMMENDS ACCEPTANCE REDUCED MARKETING ASSURANCE AND INCREASE
OF QUANTITY TO \$5.0 MILLION PLUS OT.

HENDERSON

BP

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